

January 26, 2009

Re: Annual Update of the Reclamation Plan

Dear Aggregate Mining Industry:

The following is a brief memo regarding the intent of the regulations for annual reporting, and changes to financial assurance costs per A.R.S. §27-1292(D) (and the proposed rule R-11-3-504). The statute and rules intend for mine sites to submit current information each year, regarding the current progress at a mine site. The necessary information is needed annually. The rule states to submit the information annually within the 60 days following the anniversary date of your company's Approved Plan Date, and the format necessary to accomplish submitting the current progress of a mine site.

The information in this report is to notify the Arizona State Mine Inspector (ASMI) of the necessary details of the site's annual progress for mining disturbance and reclamation, without burdening the owner/operator with a complete progress update and financial assurance update and/or adjustment every five years or more frequently. The administrative costs to provide those items were not meant to be complex, or an extreme burden on the industry. A simple update letter and/or tables are usually adequate and *does not* always need new elevation and contour maps with minor annual changes. *(but this may be a good time to submit a better overall site map than the map originally sent during the plan submittal)*

Item one requires the owner/operator to state the amount of land disturbed during that year, and the amount of land reclaimed during that year. The company can also provide the total disturbance acres and total reclamation acres of the site, updated to support the reclamation plan's overall percentage of progress. *(This assists in adjusting a yearly financial assurance, up or down, depending on the mine site progress)*

The requirements of the Mined Land Reclamation Act and Rules and the "plan approval criteria" established under A.R.S. Title 27, Chapter 6, §27-1273, can dictate the progress of the site's intended reclamation plan, and/or moderate or major modifications.

If changes occur at a site or if the site has modified the amount of mining and/or reclamation, this *Annual Report* is the time to notify the ASMI during each *anniversary date*, and the *Annual Report* should describe the modifications. This will prevent the site from having to submit substantial changes to the plan for moderate modifications in the plan. Also, this is the time to provide necessary contact informational changes (This can

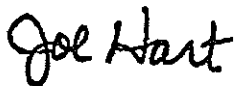
be changes in ownership and/or operator addresses, and the contact names, and/or other contact information). This annual reporting will assist the current owner/operator to adjust the company's Financial Assurance through the mine's lifetime.

Financial Assurance Mechanisms can be modified (increased or decreased) or changed by type of mechanism each year, if the supporting documentation is submitted, such as new maps showing disturbance areas and reclaimed areas with contours and elevations, supported with amended reclamation cost spreadsheets.

Lastly, the *Financial Assurance Mechanism* needs to reflect the current year. Your site has the option to submit a new source of financial mechanism as stated in A.R.S. 27-1291(B), or submit the most recent financial spreadsheets for self certification. This annual submittal should assist the owner/operator from submitting an entire life time bond for the entire site, at substantial costs for performance bonding. The plan amendments can show new incremental costs for disturbances and reclaimed land, and provide for future financial bonding or other updated mechanisms annually.

If you require additional information, contact the Reclamation Department at (602) 542-5971.

Sincerely,

A handwritten signature in black ink that reads "Joe Hart". The signature is written in a cursive, slightly slanted style.

Joe Hart
Arizona State Mine Inspector

**We have included EXAMPLES of Annual Reporting formats to assist your company.*